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ABSTRACT

Questions that must be addressed to ensure successful implementation of financial delegation to the schools are presented in this paper. The features necessary to successfully introduce increased financial delegation to the schools are described. Key questions are presented to help readers evaluate their own plans. The questions involve the following areas: objectives; scope of the plan; database quality; how funds are to be allocated to the schools; the degree of school autonomy in budgeting decisions; the linkage between financial management and school priority plans; the reexamination of roles and responsibilities within schools; the arrangements for clerical support and information technology; the reexamination of the implications for central administration; provisions for staff training; allotted time for implementation; and arrangements for monitoring and evaluation. A conclusion is that financial delegation appears to contribute to school efficiency, although it is not yet clear that it leads to improved effectiveness. (Contains 19 references.) (LMI)

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REQUIREMENTS FOR SUCCESSFUL FINANCIAL DEVOLUTION

A Paper presented by Brian Knight,
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at the CCEA 7th Regional Conference, 17th-21st August 1992.
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BACKGROUND

There is a general trend worldwide towards increased delegation of financial responsibility to schools. We can see this occurring in Canada, with the oldest surviving scheme at Edmonton Alberta; many school districts in the U.S.A; England and Wales; several states of Australia, notably Victoria and Western Australia; New Zealand; some countries in Europe, such as the Netherlands and Belgium; and most recently in South Africa. In other states there is some shift in this direction, and seldom any move towards greater centralisation.

This phenomenon is often seen as part of school based management. However that is a very broad, generic term which covers a multitude of different species! So when we examine the various schemes in detail we can see substantial differences in purpose, scope, context and operation:

1. PURPOSE

We can identify five broad, and to some extent conflicting objectives:

Managerial efficiency, based on the belief that organisations are better managed with an increase in local initiative and accountability and decisions taken at the lowest level.

Empowerment, based on the assumption that schools will be improved when the local community, parents and the teaching body are empowered to manage 'their' school,including managing its finance.

'Market Economy', the belief that the free market is the best mechanism for delivering goods and services effectively to meet the choices of the consumer, and so that schools which operate in such a market become more effective.

Privatisation, the desire to make schools independent or semi-independent of the state, and more responsible for raising their own finance.

Diversification, the wish to allow greater diversity among schools to meet the needs of ethnic, religious or other groups.

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2. SCOPE

Schemes vary enormously, from relatively minor delegation to delegation of all the major areas of expenditure, even including the right to purchase (or decline to purchase) central services.

3. CONTEXT

Schemes are considerably affected by the prevailing culture, notably the trust existing between the centre and the schools, and by prevailing economic conditions. It is easier to float changes on a rising economic tide.

4. OPERATION

The actual way in which schemes have been introduced, their regulations, timetables, and information and support systems, vary enormously.

Nevertheless, despite these great differences - often concealed by surface similarity - there is now growing evidence of the features needed to introduce increased financial delegation successfully to schools. The remainder of this paper sets these out in the form of questions, to help readers evaluate the scheme in their own state. These have been worded for proposals which are being planned or discussed but not yet implemented. So they are couched in the present tense. But they can equally be used to evaluate a scheme which has already been introduced.

THE KEY QUESTIONS

1. What are your aims?

Is your scheme intended to create mainly:

1. Managerial efficiency?
2. Participation?
3. Market economy?
4. Privatisation?
5. Diversification?

[If (1) you are in company with many of the schemes in Canada, England and Wales before 1988, Belgium and the Netherlands, Australia: if (2), with many of the U.S. schemes; if (3) England and Wales after 1988, and New Zealand; if (4) or (5), South Africa.]

Are the aims of your scheme explicit and clear?

2. What is the scope of your scheme?

Will spending decisions be delegated to schools for the following, now or later?:

school books
cleaning equipment
telephone
electricity
building repairs
clerical support
the number of teachers to be employed
inservice training
advice on the teaching of school subjects

[The more your ticks spread toward the bottom of the list, the more extensive the scheme. The last three are good markers of full scale devolution.]

3. How good is your information-base?

Is there information for each school on expenditure in the previous financial year(s) for each category of expenditure, like those listed above?

Is this information accurate and complete?

Is it provided to schools now?

Is it provided in a form which schools find easy to understand?

Is it planned that the budget format should be prescribed and uniform for all schools and that comparative unit costs will be produced?

[Faulty data-bases have plagued most schemes at the start. They create annoying difficulties for schools and the problems have usually been under-estimated by the central administration. At a later stage the lack of comparative unit costs has been a loss both to schools and to the central administration.]

4. How are funds to be allocated to schools?

Are funds to be allocated on a historical basis? Or by some formula?

If by formula, to what extent does this still reflect historical costs?

Does it accommodate adequately the different financial needs of students of different ages, abilities, socio-economic groups and other special needs? Is it equitable to all pupils?

Does the formula take account of special problems arising for some schools from small school size, premises which are more costly to operate, falling or rising pupil-rolls, and non-typical teacher establishments? (e.g. in

terms of qualifications, age etc.)

Are arrangements being made to model the formula extensively to assess the repercussions of variations in the above?

[Most formulas have been initially constrained by historical costs, since too much variation from these creates severe difficulties for some schools. Many formulas have suffered from inadequate modelling of the possible variations and their effect. Some schools have suffered severely as a result. Equity is a serious underlying issue.]

5. How free are schools to take their own spending decisions?

Are schools to be free to construct their own budgets according to their own priorities?

Can they switch expenditures freely from one heading to another?

Is there any limitations on how they spend their money?

Is it possible to carry forward credit - or debit - balances from one year to another, totally or within parameters?

Will existing financial regulations be amended, or will they be completely rewritten to meet the new situation?

Have arrangements been made to prevent financial devolution restricting community use of school activities and community education programmes?

[Ideally financial devolution implies giving schools maximum freedom. The burden of proof lies on the central administration to show that a restriction is necessary. Requirements for annuality for example cannot be justified. But in practice often former restrictions linger on, even though they are no longer necessary. Some schemes have created problems for community education, for example charges for use of premises.]

6. Have schools been encouraged or directed to link their financial management to their priorities and development plans?

Has the importance of linking financial management to the goals and objectives of the school been stressed?

Have schools been assisted, or trained, to identify their priorities or to produce development plans?

Have schools been helped to link these priorities and plans to their budget process?

[In some schemes financial devolution has been seen as an administrative shift rather than a mechanism for enabling schools to achieve their objectives. Frequently the importance of the link with development plans is not stressed initially.]

7. Have roles and responsibilities within schools been thoroughly re-examined?

Are the job-specifications of principals/headteachers and their deputies and senior staff being revised?

Is it clear which member of staff is likely to take primary responsibility for financial management of the school?

Is it understood that tasks need to be shed by this person to make time for this, and how this can be achieved?

Have the new responsibilities under financial devolution of the 'governing body' *[any lay committee or council responsible for sharing in the management of the school]* been defined?

Have the responsibilities of principal/headteacher and governing body been clearly demarcated?

Has the involvement of other teachers, non-teaching staff, students and parents in the school's financial management been clarified?

Are arrangements being made for the principal/headteacher and governing body to give a public report on their management of the school's finances?

[In some schemes these changes in role have not been sufficiently identified at an early stage. So problems have arisen with overload for principals/headteachers; demarcation disputes between principals/head-teachers and governing bodies; and with arrangements for consultation with other groups.]

8. Are adequate arrangements being made in the school for clerical support and information technology?

Is more clerical work to be done in the schools? If so, have clerical hours been increased, or other clerical tasks reduced, or clerical productivity increased?

Has the desirability of an administrative officer/bursar/financial manager (as opposed to a clerk) been discussed?

Are adequate computer resources, facilities and systems being introduced?

Is the software tried and tested?

Are sufficient funds being set aside to finance such additional staffing, equipment or other office resources?

[In many schemes the additional work in the schools has been understated and too little additional clerical support provided, or too little use made of IT to make better use of existing clerical time. The value of 'bursars' has been strongly advocated for large schools or groups of smaller schools but most schools have had to manage without. In some schemes severe problems have arisen with IT systems hwich have not been

adequately tested, or for which inadequate training has been provided (see below).]

9. How fully are the implications of financial devolution for the central administration being examined?

Has the role of the central administration department been rethought, now that many of its former responsibilities have been devolved to schools?

Have the 'key tasks' of the central department been redefined?

Has there been a change in the 'culture' of the organisation and the outlook of the personnel, so that schools are genuinely freed to manage their own destiny?

Should the total number of central personnel be reduced to reflect this delegation of tasks? And is it being so reduced?

Has the role of the various central support services to schools been re considered? Are any of these to be 'charged' to schools, to identify the true costs involved? Are schools to be free to 'buy' them from other sources if they wish?

Have all possible 'central funds' been delegated?

[Often central administrative departments do not rethink their role at an early stage, and instead cling to their former functions and outlook. They often feel threatened, and do not see that although they have shed some functions, they need to strengthen others, such as defining purpose and policy, providing support and advice, defining standards, monitoring and evaluation. The placing of central services on a supplier-customer basis tends to come later, and to be resisted by the departments or agencies concerned. Often some funds remain centrally which could be delegated]

10. Has adequate training been introduced to support financial devolution?

Have the training needs been clearly identified for:

* headteachers/principals?
* deputies and senior staff?
* members of governing bodies?
* clerical staff, 'bursars'?
* staff of the central administration and its support services?

Have the logistical problems of training such large numbers of people been solved?

Has each person received sufficient days training? At the right time? Of good quality?

[In most schemes training needs have been identified, but not met. The main problem has been the logistics, particularly the sheer numbers of staff involved, the different target groups, and the amount of training required, and the potential cost of this. Also there has been a lack of good training material and often of sufficient credible trainers. So the lack, and poor quality, of training is a common criticism. Often insufficient use has been made of the staff of pilot schools as trainers, and of self study material for school staff; and of principals/headteachers to train governing bodies.]

11. Has the implementation of the scheme been given sufficient care and time?

Is sufficient time allowed to develop the scheme in a thorough and planned way, so that potential problems such as those referred to in the earlier sections are foreseen and avoided?

Is there adequate consultation with schools over the proposals, in good time?

Are pilot schools to be used to test the arrangements before they are applied to most or all schools?

Are the proposals to be phased in, i.e. some items delegated first and others later?

Is the documentation supplied to schools adequate, clear and friendly?

Are there arrangements for speedy response to queries and problems? Is personal, as opposed to written, advice and support readily available?

[Many schemes have been too rushed, with faulty arrangements. Often insufficient use is made of pilot schools to 'iron out the bugs' and to help other schools. In some cases schools have experienced frustrating and unnecessary hassle because they have not been able to get a quick response to their queries or complaints.]

12. Are adequate arrangements being made for monitoring and evaluation?

Are adequate arrangements made to monitor all schools in the early years of delegation, and to identify problems at an early stage and deal with them?

Have good arrangements been made for evaluation, particularly of:

* Schools' financial management?
* The impact of financial devolution on the overall management of the school?
* The impact of financial delegation on the learning of students and other outcomes?

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[Adequate monitoring of schools in the early years is often difficult, because the staff of the central administration find it difficult to oversee so many schools, and because they themselves often lack skills and understanding about financial delegation. Evaluation of schools' financial management is straightforward where good IT systems exist, but evaluation of the actual effects on schools and their students has generally been patchy and inadequate.]

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Financial devolution worldwide is still at an early stage. The earliest surviving scheme, in Edmonton Alberta, dates from 1976, with experience in the U.K. from 1981. Most schemes emerged in the mid to late 1980s. So there is not a large fund of established good practice to draw on. Most schemes have encountered problems, and in hindsight would probably admit to making serious errors and running into unnecessary difficulties. Yet despite this, most principals/headteachers and governing bodies welcome financial delegation and central departments often admit that their new role is more focussed on the key needs of the system. There is substantial evidence that financial delegation leads to greater school efficiency, although it is not yet clear that it leads to major gains in effectiveness. For many states it seems a sensible development. However, it will only be successful if the questions posed in this paper are carefully addressed.

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